

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA**

WILLIAM T. WHITMAN, individually and on
behalf of all others similarly situated,

Plaintiff,

v.

STATE FARM LIFE INSURANCE COMPANY,
an Illinois corporation

Defendant.

No. 3:19-cv-06025-BJR

DECLARATION OF DEBRA DANIELS

1 I, Debra Daniels, have personal knowledge of the information below and declare as follows:

2 1. I am an independent contractor agent for State Farm Mutual Automobile Insurance
3 Company (“State Farm”), the parent of State Farm Life Insurance Company (“State Farm Life”) in
4 Washington.

5 2. I am not an employee of State Farm.

6 3. As an independent contractor agent for State Farm, I provide information to potential
7 policyholders on the many products State Farm offers that help people manage the risks of everyday
8 life and recover from the unexpected so that potential policyholders can select the products of their
9 choice. I provide information about insurance, the risks that make it necessary, how to protect
10 individuals and their property from those risks, and how to help individuals achieve important goals
11 for themselves and their families.

12 4. I am licensed to market, solicit, and service insurance in Washington. I have been an
13 independent contractor agent for State Farm since 1992.

14 5. I graduated from Tacoma Community College.

15 6. My office is located in Lacey, Washington. Most of the policyholders I service are from
16 Lacey. Lacey is just outside of the state of Washington’s capital, Olympia. As a result, Lacey has many
17 government workers and military service members.

18 7. I understand that this lawsuit involves claims against State Farm Life relating to the
19 universal life insurance policy issued on Form 94030, which was sold in Washington between 1994
20 and 2004 (“the Policy” or “Universal Life”).

21 8. In my nearly 30-year career as an independent contractor agent for State Farm, I have
22 marketed insurance policies to thousands of people. I have had numerous conversations with potential
23 policyholders about State Farm Life’s Universal Life policies, how those policies work and what their
24 benefits are.

1 9. I have received training from State Farm on State Farm Life's life insurance products,
2 including Universal Life insurance. I was trained on what the products are and their benefits to
3 potential policyholders. I was also given guidance on ways to have discussions about the products
4 with potential policyholders that was guided by a policyholder's particular needs and motivations in
5 looking for life insurance, but there was no required script on what to say or how to say it. The way I
6 interacted with potential policyholders was left up to me as an independent contractor agent.

7 10. I personally owned a State Farm Life Universal Life policy. I bought it in 1992 in
8 Washington because I loved the policy's flexibility, the opportunity to vary the amount of premiums
9 I paid, the ability to increase my death benefit as I could afford it, and the opportunity to lower my
10 death benefit after I retired.

11 11. I converted that Universal Life policy into a variable life insurance policy because I
12 wanted to be able to take advantage of the market.

13 12. When marketing life insurance during the time that the Policy was being sold in
14 Washington, most of my appointments were pre-planned. Before the appointment, I would get as much
15 information on the potential policyholder as possible. I would prepare presentations for both term
16 policies and permanent policies (permanent being either Universal Life or whole life). I would then
17 study the presentations before I presented them to the insureds. If I had questions about different parts
18 of the policies that I was presenting, I would call State Farm Life for answers. I made sure to know
19 each part of every policy that I marketed, including the monthly expense charge, the monthly charges
20 for any riders, the cost of insurance deduction, and required premiums.

21 13. I always used illustrations during the relevant time period when marketing a Universal
22 Life policy. That is because the illustration helps potential policyholders to see for each year what
23 their account value, cash surrender value, and death benefits may be when certain inputs are made for
24 the initial death benefit, the death benefit option, premium payment, and rate class. I found out a
25 potential policyholder's age, sex, and whether they smoked to create an individualized illustration for
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1 our initial meeting. I would explain to potential policyholders that because each potential policyholder
2 has to go through underwriting, where State Farm Life evaluates the health and risk characteristics of
3 the insured before assigning a rate class, the individualized illustration I prepared for the initial meeting
4 could be subject to change. This was because, depending upon the results of underwriting, the rate
5 class for the potential policyholder could turn out to be different from what I used in preparing the
6 initial individualized illustration.

7 14. Throughout my entire career, including during the relevant time period, it has been my
8 practice to use a needs-based approach with individuals, which means providing information so that
9 an individual can decide what the right type and amount of insurance is for that individual. In order to
10 provide information to the individual so they could determine the right amount of insurance for his or
11 her policy, I would look with the potential policyholder at their debts and other financial obligations.
12 We would look at the person's loan debt, mortgage balance, credit card debt, replacement income, and
13 children's expenses. Everything was based upon the unique needs of that individual potential
14 policyholder.

15 15. During the relevant time, if a potential policyholder asked about a Universal Life
16 policy, I would explain how it was different from a whole life policy. While every potential
17 policyholder meeting was different, it was my custom and practice to emphasize the flexibility in
18 premium payments and death benefits. But I would also explain that the policyholder has to keep an
19 eye on these policies because they are interest sensitive. If the policyholder could handle the flexibility,
20 then Universal Life is a good option.

21 16. I also had different discussions during the relevant time period with each potential
22 policyholder on the monthly deductions. The monthly deductions included the cost of insurance, the
23 monthly charges for any riders, and the monthly expense charge. I would explain that the monthly
24 deductions were taken as withdrawals each month from the account value. I made sure potential
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1 policyholders understood these deductions because I wanted people to know exactly what they were
2 buying.

3 17. During the relevant time period, I also had different discussions with potential
4 policyholders about the two death benefits, Death Benefit Option 1 versus Option 2. It was my
5 experience that more people selected Option 2 because they liked the idea of having a higher death
6 benefit.

7 18. In my discussions with customers, I would point out what the cash value estimate was
8 at age 65. I would also point out how the cost of insurance rises as people age. I noted for potential
9 policyholders that there was an annuity option at age 65.

10 19. I did not use the Policy itself when marketing a Universal Life policy. Policies were
11 written and then we delivered them to the insured.

12 20. I did not get a lot of questions about the cost of insurance, but when I did, I had different
13 discussions during this time period explaining that a person's cost of insurance depended on their
14 individual age, sex, and rate class. In these different discussions, I would explain to the insured that
15 the older they got, the more expensive the cost of the life insurance became. I would also explain that
16 men and women had different cost of insurance rates because women are expected to live longer.

17 21. When marketing Universal Life policies during the relevant time period, I had different
18 discussions with potential policyholders on how during the underwriting process, State Farm Life
19 assigned a potential policyholder's rate class by looking at the person's tobacco use and other health
20 characteristics. I explained that each of those different characteristics would impact the potential
21 policyholder's assigned rate class. I explained that there were different rate classes because individuals
22 from different rate classes would have different life expectancies. In those discussions, I would explain
23 that smokers and people with other health issues had a different rate class than non-smokers and people
24 without health issues because non-smokers and healthy people are expected to live longer. When I
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1 explained the underwriting process, people understood why tobacco use and other health
2 characteristics would change their rate class and change how much their cost of insurance would be.

3 22. I also explained in my discussions with potential policyholders during the relevant time
4 period that in order to determine if a policy could be issued, State Farm Life had to confirm the
5 individual's health characteristics so it could assign a rate class, which could require the potential
6 policyholder to go through a physical. I explained that the potential policyholder's rate class could be
7 different than the one discussed during our initial meetings as a result of the underwriting process.
8 That is because the underwriting process might reveal an underlying health condition, like diabetes.
9 In my experience, people understood how an underlying health condition might change someone's
10 assigned rate class. And, someone that was dissatisfied with their assigned rate class could choose not
11 to buy the Policy. Most people, however, bought the Policy after learning their assigned rate class. For
12 instance, during the relevant time period, I had someone that was assigned a table rating because of
13 high blood pressure. I also had someone that was assigned a table rating because of their diabetes.
14 Both of those people chose to purchase the Policy.

15 23. I marketed Universal Life policies to lots of different kinds of people. Lacey,
16 Washington is a diverse community. Because it is right outside of Washington's capital, Olympia,
17 Lacey has a large population of government workers and of military service members.

18 24. During the relevant time period, the people to whom I marketed Universal Life policies
19 had different, prior purchase experiences with life insurance, knowledge about life insurance products,
20 and motivations and objectives for seeking life insurance.

21 25. In other words, the reasons behind a potential policyholder's decision to purchase life
22 insurance and how they wanted to use the life insurance as part of their personal and family planning
23 varied from person to person.

24 26. For example, I marketed during the relevant time period Universal Life policies to
25 people who had debt and did not want to leave their debt to their loved ones if they passed away.
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Executed this 29th of March, 2021 in King County, Washington.


Debra Daniels